



Director of
Central
Intelligence

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Saturday
30 January 1982

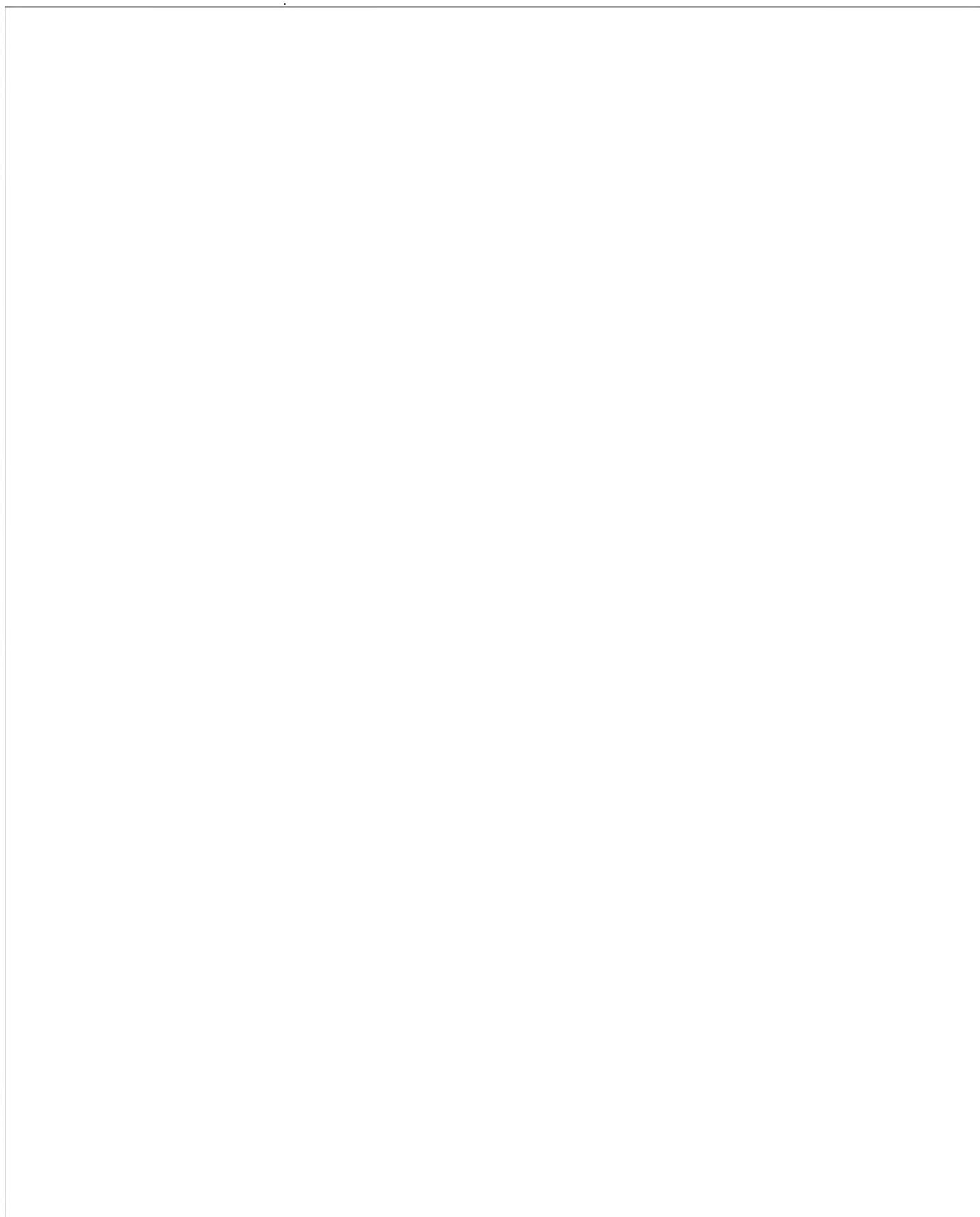
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① POLAND: Price Increases

The regime is trying to cushion the psychological impact of price increases.

Pravda has published only an abridged version of Jaruzelski's speech on Monday.

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3 Food prices apparently are still scheduled to rise by as much as 400 percent beginning on Monday. The government is counseling people to lessen the impact of increases by raising their own food or by getting an extra job.

Consumers have already had a taste of increases as prices on some manufactured goods have escalated this month. Under reform provisions effective on 1 January, firms have been allowed considerable latitude to pass their actual costs to the consumer. Shoppers also face lowered butter rations and the start of rationing of oil, lard, and margarine.

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6 Comment: Despite its nervousness, the regime seems intent on forging ahead with its plans for marketplace austerity. This time, however, it is making every effort to avoid taking consumers by surprise. The government may deem it prudent to increase security around the country.

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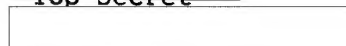
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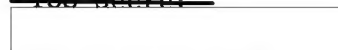


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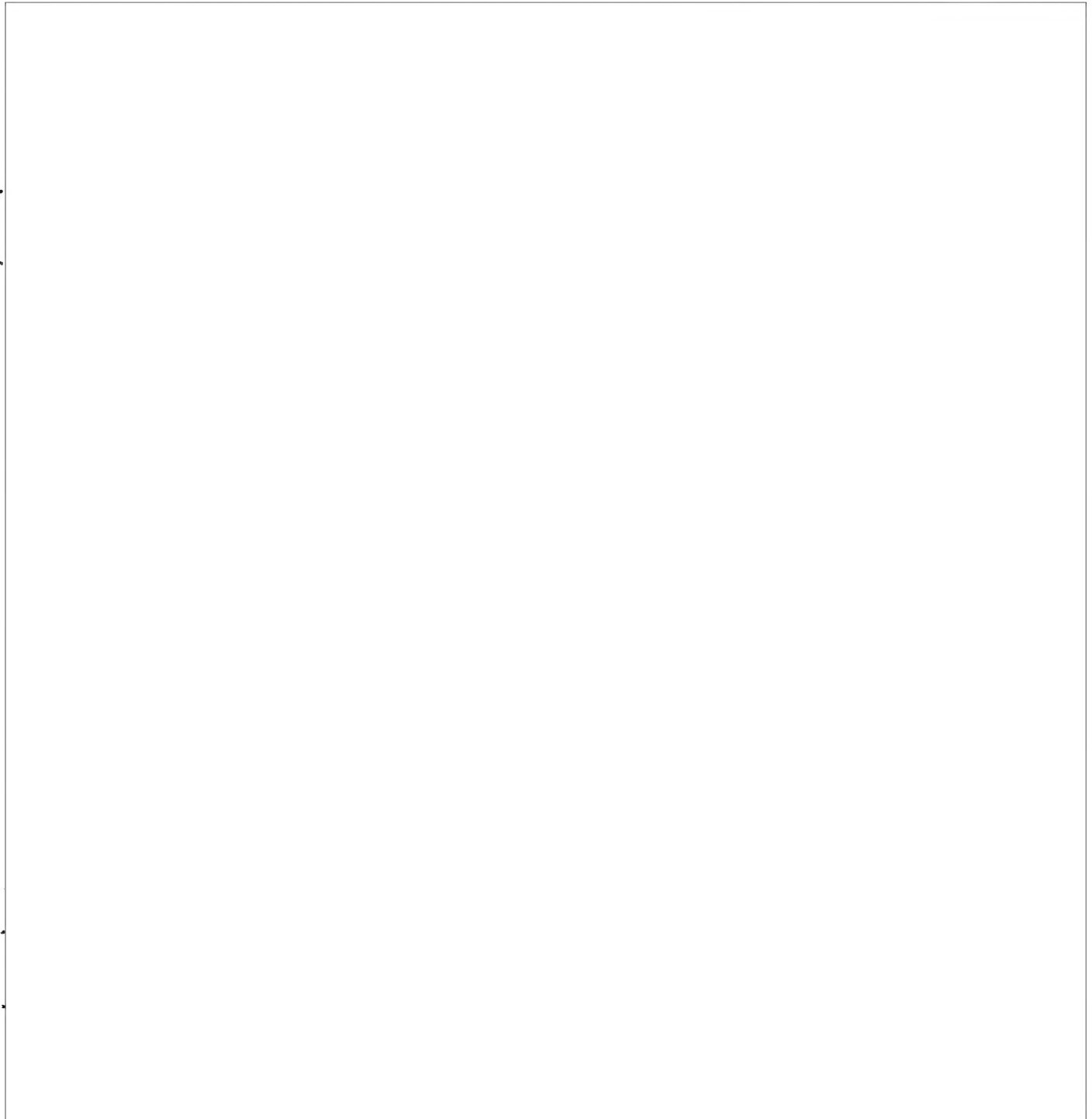
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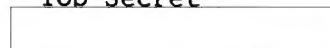
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USSR-ANGOLA: Soviet Concern Over Relations

The recent visit to Moscow of a high-level delegation from Angola underscores the Soviets' concern about maintaining their influence in Luanda.

The group was given prominent coverage and met with Premier Tikhonov and other top officials. A 10-year program of economic and technical cooperation and trade was touted as a major accomplishment of the visit.

The Soviets used the visit to instruct the Angolans on the dangers of developing ties with the US. An article in a Soviet weekly, for example, suggested that the US position on Namibia sought over the long run to undermine the security of Angola's Marxist regime.

Comment: Soviet commentary and Tikhonov's assertion of Soviet preparedness to extend security assistance reveal Moscow's concern over the interest some Angolan leaders have in strengthening their ties to the West and in pursuing a settlement in Namibia. Moscow may be disenchanted with President dos Santos--who may be seeking a negotiated settlement with Angolan insurgent leader Savimbi--and may be wooing hardliners in the government and military.

Despite the emphasis given to the signing of economic pacts, they are mainly promises that the two countries would study further cooperation. Political and military discussions probably dominated the agenda, but Moscow may have linked new military aid to Luanda's firmness on Namibia.

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⑤ LEBANON: Presidential Politics

3 The presidential election scheduled for next summer is already shaping up as a contest between the Syrians and the Christian Phalange Party. []

3 Most factions have been unwilling to tip their hand toward a candidate so early in the campaign. Raymond Edde, who lost to President Sarkis in 1976 and subsequently went into exile in Paris after two attempts on his life, has emerged as the early favorite of some Muslim groups hoping to avoid either a Phalange- or a Syrian-backed candidate. Edde, however, is opposed by both Bashir Jumayyil and by the Syrians. []

3 Many observers and political figures in Lebanon are uneasy about the election and believe that the security situation will deteriorate as the campaign unfolds. They also fear that the Lebanese Front, unable to prevent the election of a Syrian candidate, will try to prevent the vote from being held, leading almost certainly to new fighting between the Phalange and the Syrians. []

3 Comment: A Shamun candidacy would be widely viewed as a stalking-horse for the Lebanese Front, which is concerned that the Syrians intend to push for the election of a pro-Syrian candidate such as former President Sulayman Franjiyah. In such an event, the Front might "sacrifice" Shamun in return for a similar gesture by Damascus toward its hardline candidate. []

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WESTERN EUROPE - TURKEY: Pressure on Ankara

West Europeans will keep up their political and economic pressure on Ankara despite the decision of the Council of Europe Parliamentary Assembly on Thursday not to expel Turkey.

The assembly passed a resolution criticizing Turkish human rights practices, but it rejected expulsion. The action comes a week after the EC assembly--the European Parliament--adopted a tough resolution on Turkey. In addition, OECD Secretary General van Lennep has postponed his scheduled trip to Ankara on the advice of EC government representatives.

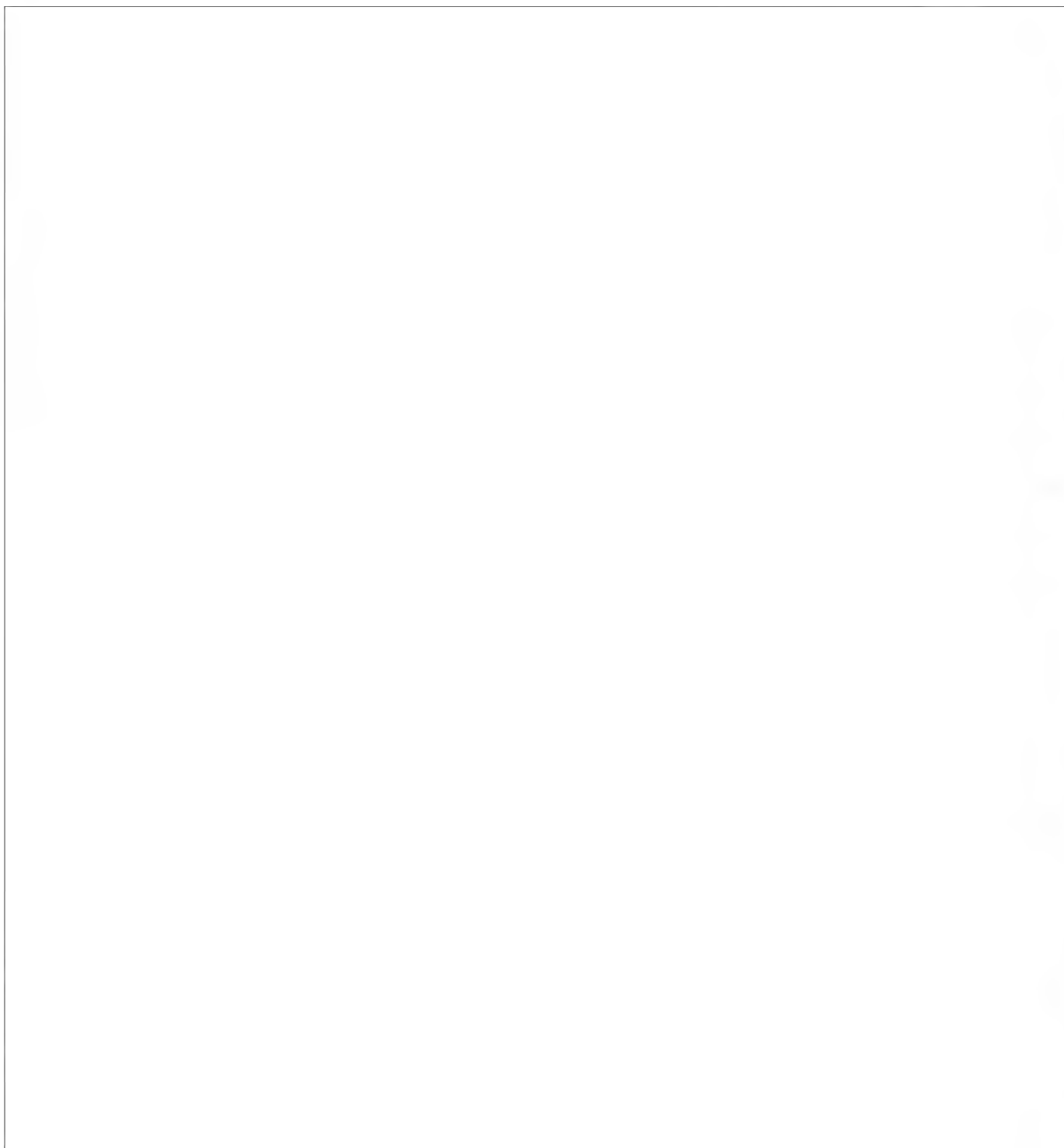
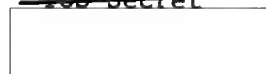
Comment: Although most West European governments want to maintain links to Turkey, they feel under increasing pressure to take a stronger stand against military rule there because of growing domestic criticism and because of Western condemnation of martial law in Poland. Scandinavian governments, for example, now are likely to lodge a complaint against the Turkish Government with the European Commission on Human Rights. Hearings undertaken by the Commission probably would last one to two years and could result in Turkey's expulsion from the Council of Europe.

EC members are not likely to lift the suspension on \$650 million in Community aid to Turkey in the near term. OECD members so far have kept silent on the pledging session this spring for aid to Turkey but will shortly have to take positions on further assistance. The EC Ambassadors probably wanted van Lennep to postpone his trip to avoid publicity about the question of future assistance.

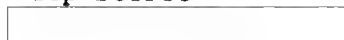
Despite its initial anger over the Council of Europe's resolution, the Turkish Government is likely to continue to emphasize that alleged human rights violations are vigorously investigated and prosecuted and that General Evren's New Year speech committed the commanders to the restoration of civilian rule by late 1983 or early 1984. The commanders probably would agree to participate in European human rights hearings but would withdraw from the Council of Europe voluntarily if it concluded that Turkey's expulsion were imminent.

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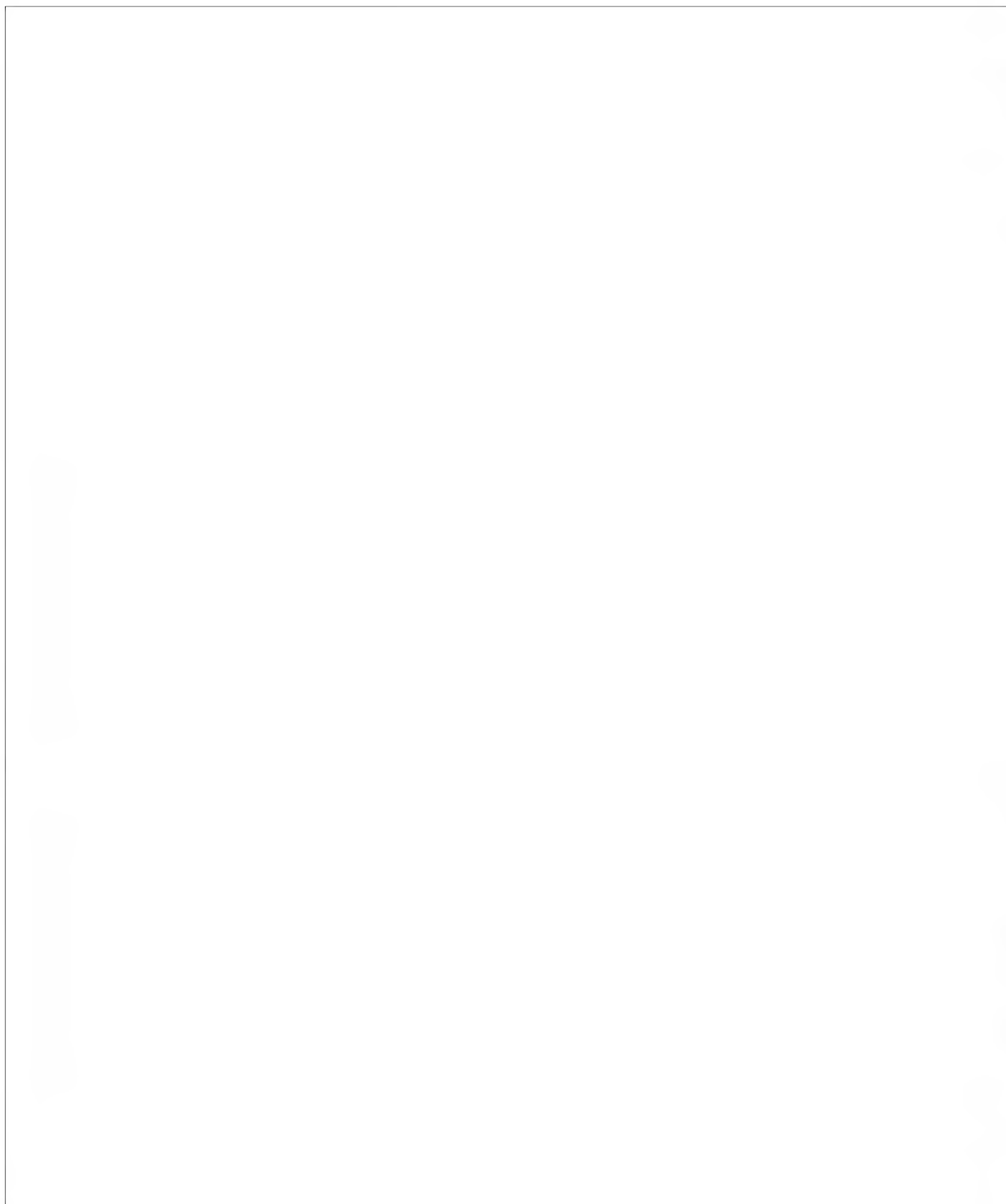
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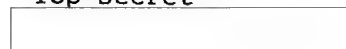
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USSR: Chernenko's Position

The state funeral yesterday for Mikhail Suslov provided further evidence that party Secretary Chernenko has improved his leadership standing at the expense of fellow Secretary Kirilenko. Chernenko outranked Kirilenko in all but one of the leadership appearances during the proceedings. He usually was placed in the third spot Suslov had occupied among Politburo members and the second spot among secretaries. The variance in Kirilenko's placement makes his precise rank difficult to determine.

3
Comment: Suslov probably had restrained President Brezhnev's efforts to push Chernenko forward, and Chernenko is now likely to assume new responsibilities within the secretariat. He appears to be the leading candidate to take over Suslov's portfolio for ideology and relations with foreign Communist parties. Although Chernenko is less experienced than Kirilenko in foreign affairs, he has become increasingly prominent in this area over the last year. He reportedly will lead the Soviet delegation to the French Communist Party Congress next week.

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USSR-SYRIA: Evacuation of Soviet Dependents

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The Soviet Embassy in Damascus early this month sent home about 200 schoolchildren because of the continuing threat of terrorist attacks, according to a Soviet official in Syria. The decision was taken following the car bombing in November that killed over 100 persons in Damascus. The Soviet community in Syria over the past three years has been the target of numerous terrorist actions in which at least 16 Soviets have been killed. These attacks have been attributed primarily to the Muslim Brotherhood.

Comment: The departure of the schoolchildren appears to have been the basis for a rumor circulating in the Middle East that the USSR was evacuating dependents from Damascus, Beirut, and Amman in anticipation of an Israeli military move into southern Lebanon.

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ZAMBIA-USSR: Bartering Cobalt for Arms

[redacted] Zambia is bartering 500 tons of cobalt worth over \$12 million to the USSR to help pay for MIG-21s and other advanced weapons purchased under an arms agreement worth \$200 million signed in 1979. The military agreement originally had called for hard currency payments. [redacted]

13 Comment: The deal, apparently concluded in late 1981, comes at a time when Zambia is experiencing severe foreign payments problems because of depressed mineral prices for cobalt and copper. The decision to barter cobalt also may stem from Lusaka's failure last year to win any bids to supply cobalt for the US stockpile and the influence of pro-Soviet officials within the Zambian Government. The transaction will almost triple the USSR's normal yearly purchase of Zambian cobalt and could pre-
sage similar deals. [redacted]

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(B) THE NETHERLANDS: Defense Debate

Parliament next week will consider the defense budget for 1982. The center-left coalition of Prime Minister van Agt will propose to increase spending by about 3 percent in real terms, but Defense and Finance Ministry spokesmen are pessimistic about meeting the NATO goal. [redacted]

1-3 Comment: The government, which is divided on the issue of cruise missile basing, is trying to compensate by adhering to its commitment to NATO's conventional deterrent. Although it is likely to win approval for spending levels close to 3 percent, defense appropriations probably will be cut later this year when the deepening recession creates additional pressure on the budget. [redacted]

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SPECIAL ANALYSIS

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POLAND: Agricultural Problems

The martial law regime has not yet formulated an agricultural policy that will gain it the support of private farmers and ensure adequate food supplies. The government has alternated threats of compulsory deliveries with offers of increased procurement prices and other incentives. Farmers should begin to make decisions soon about their production for this year, and the regime must move quickly if it hopes to encourage them to increase output.

One of the regime's main challenges continues to be satisfying the population's food demands. Before the imposition of martial law, meat procurements from private farmers did not cover rationing requirements.

Grain procurements were only one-third of state needs, even though Poland had an above-average grain crop last year. The regime was importing meat and grain to help cover the gap, but still failed at times to meet its rationing commitments.

Threats to Farmers

A drop in procurements following the imposition of martial law prompted threats of making deliveries compulsory. The government wanted to maintain food supplies to blunt popular reaction to martial law.

Initially, however, the threats did not have the intended effect. Some farmers--who may have thought collectivization would follow forced deliveries--reportedly killed livestock and buried food supplies to avoid confiscation.

2
1/4 Moderates in the regime seem to have successfully argued against collectivization. The government probably realized that the rapid elimination of the private

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sector--which provides about 75 percent of agricultural production and 70 percent of total state procurements--would severely disrupt food supplies and provoke prolonged resistance among farmers. [redacted]

2 Nonetheless, the regime has kept pressure on the farmers. For the first time, it is threatening legal action if farmers do not fulfill grain contracts signed with the state. The government also is refusing to sell farmers seeds and fertilizers unless they have made sufficient grain sales to the state. [redacted]

4 The increase in early January in prices of fertilizers and tractors probably deepened farmers' mistrust, even though the regime has promised to compensate by raising prices paid for agricultural goods when consumer prices are raised in February. The new prices are part of an effort to place a more realistic value on agricultural supplies. [redacted]

Positive Measures

3/5 The government also has offered inducements, promising to extend credit to farmers for purchase of supplies and to make any future increases in livestock and grain procurement prices retroactive to November. In addition, it is offering up to a 20-percent premium for the timely fulfillment of grain contracts. Farmers who deliver noncontracted grain will receive in payment "grain bonds" redeemable in 1983-85 at prices in effect at that time, plus interest. [redacted]

5 The regime has attempted to show its support of private farmers by submitting to parliament some measures introduced before martial law. These include bills to liberalize farm inheritance and pensions and to increase the maximum allowable farm size. [redacted]

4/6 The martial law regime's combination of threats and promises has yielded mixed results. The state has purchased only 63 percent of the grain it will need by mid-February. [redacted]

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6 In December, the government had to rely on Soviet meat deliveries to fill one-fourth of its rationing commitment. Although the regime subsequently claimed that meat procurements have improved enough to cover completely its lower rationing commitments in January, the increases may reflect initial distress slaughtering of chickens because of fodder shortages or the sale of animals long overdue for slaughter. []

Threats by the regime also may have helped keep up livestock procurements. Military operations groups circulating recently in the countryside apparently put pressure on farmers to fill their contracts. []

Outlook

4 The regime's reassurance will not easily dispel the farmers' apprehensions. Many farmers may take a wait-and-see attitude, and those who are nervous about the future of private agriculture may cut back production to cover only the needs of their families and close friends. []

4 Passive resistance by private farmers would seriously compound the regime's agricultural problems. In any case, the existing shortages of seeds, fertilizers, tractor spare parts, and pesticides will limit crop yields in 1982. The prospect of future downturns will put pressure on the regime to use more forceful methods or to be more sensitive to the farmers' needs and concerns. []

4 Historically, the Polish farmer has responded more to inducements than threats. The old formula of raising procurement prices to increase production may not work today because of the lack of consumer goods to buy. []

4 If the retail price reform does bring stability to the marketplace and an increase in the amount of goods in the countryside, however, the regime may be able to cajole some farmers into selling at least part of the reduced quantities that are produced this year. If not, the regime out of "frustration" could resort to forced deliveries, which could move it toward adopting other coercive measures. []

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